

15 May 2012

Opportune time to bet on SPARC

Stock Data

Market Cap (Rs. Cr.):	1400
52-week high/low:	100 /64
Face Value (Re.):	1
Avg Daily Volume (Qtr):	96580

SPARC is the Research & Development arm of Sun Pharmaceuticals, which is the listed flagship company of the group. SPARC was spun off from parent company in 2007, to focus on New Drug Discovery and Novel Drug Delivery System (NDDS). The group is cash rich and has been one of the best wealth creators in India. Under the leadership of Mr Dilip Shanghvi, Sun Pharma's market capitalization has moved from Rs.3000 Cr in 2002 to over Rs.60,000 Cr today!

Shareholding Pattern

Promoters:	66.19%
FII's:	3.98%
DII's:	4.94%
Public:	24.89%

Market capitalization of SPARC is Rs.1400 Cr now and we feel it is a huge treasure looking at the potential of future wealth creation. Company has 2 state of the art research facilities, 160 labs and manpower of 237 scientists! There are many drugs in Phase 2 and Phase 3 trials. Company is developing innovative technologies to enhance patient convenience. In April 2011, SPARC has entered into a joint venture agreement with Merck, a global healthcare leader, to develop and manufacture branded generics for emerging markets.

2013 will be the year to watch, as we are expecting a series of positive triggers driving the stock price. We feel it is an opportune time to bet on the company at the current price of Rs. 68 in this potential multi-bagger stock. Company is planning a small rights issue soon to finance the ongoing R&D activities. It is a good time to accumulate. The counter is not very liquid; investors could buy in a conservative manner.